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TRANSFER AGENTS AND REGISTRAR

MONTREAL TRUST COMPANY  
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U. S. TRUST COMPANY  
NEW YORK



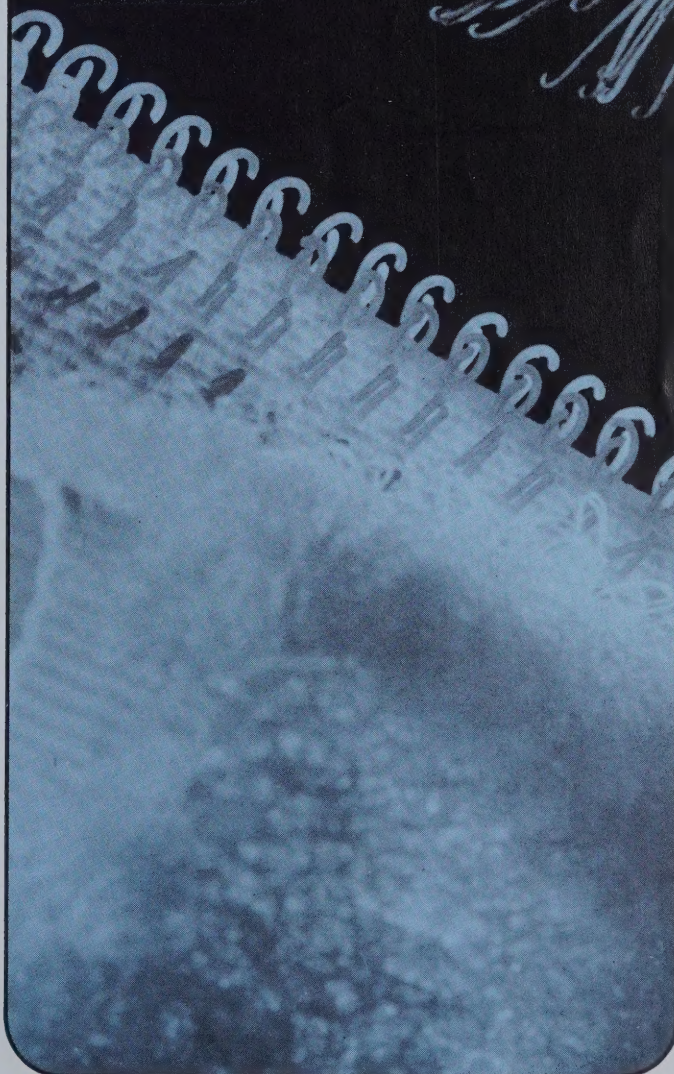
**VELCRO INDUSTRIES LIMITED**

400 BOULEVARD DE MAISONNEUVE WEST  
MONTREAL, CANADA



**INTERIM REPORT**  
SIX MONTHS ENDED  
MARCH 31, 1971

**VELCRO  
INDUSTRIES  
LIMITED**





## TO OUR SHAREHOLDERS:

Sales for this first six months of the current fiscal year increased 6% compared to the same period last year. New orders, including those from 3M, have moved substantially ahead, indicating a general rise for future sales. Costs and expenses continued at the same rate due largely to the high level of research and development activity, which is expected to continue at least to the end of the calendar year.

Of major importance to the Company was the development of high-speed machinery for automatically applying Velcro® tapes to various industrial and consumer products. These machines were exhibited at the recent Design Engineering Show in New York City and will be provided to our customers on a lease/rental basis. Our new line of "soft hardware" featuring Pop-Ons® and Pop-Ins® is continuing to be engineered into new industrial product lines.

The sale of our tape under the licensing agreement with 3M is proceeding on schedule. These tapes, marketed under their trade name "Scotchmate™", will be introduced at the National Packaging Show next month in Chicago. This, and other industrial exposures, will contribute extensively to the general acceptance of our hook and loop concept of fastening.

Construction of plants under our foreign joint ventures is proceeding on schedule. Exchanges of "know-how" and techniques among our foreign licensees are reflecting greater acceptance of our Velcro® tape products on a worldwide level.

The increase in sales and future orders is being reflected in greater plant activity, as forecast in the First Quarter Interim Report.

Sincerely yours,

*Clark Hartwell*

April 30, 1971

President



### VELCRO INDUSTRIES LIMITED and subsidiary companies

#### COMPARATIVE FINANCIAL DATA

FOR THE SIX MONTHS ENDING  
MARCH 31, 1971 (UNAUDITED)  
WITH COMPARATIVE FIGURES FOR  
THE SAME PERIOD—1970

|   | 1971        | 1970        |
|---|-------------|-------------|
| Sales—net . . . . .   | \$5,246,230 | \$4,937,455 |
| Income from investments<br>and short term deposits . . . . .  | 129,221     | 105,555     |
| Royalties earned . . . . .  | 224,789     | 299,903     |
| Income under agreements<br>for the sale of licenses,<br>know-how, products and<br>machinery . . . . . | 200,000     | —           |
| Total revenues . . . . .  | 5,800,240   | 5,342,913   |
| Total expenses . . . . .  | 4,126,623   | 3,482,887   |
| Earnings before income tax . . . . .  | 1,673,617   | 1,860,026   |
| Provision for income taxes . . . . .  | 521,627     | 481,853     |
| Earnings before extraordinary<br>item . . . . .   | 1,151,990   | 1,378,173   |
| Profit on sale of investments . . . . .   | —           | 204,432     |
| Net Earnings . . . . .  | \$1,151,990 | \$1,582,605 |
| Earnings per share . . . . .  | 31.0 cents* | 42.6 cents* |

\*Based on 3,711,000 shares outstanding as  
at September 30, 1970, for both years.